

Note for Nelson*/Schick* NSK

From: Nelson*/Schick* NSK
Date: Wed, Dec 11, 1996 3:17 PM
Subject: FW: Exempt employees
To: Harvill/Price NSK

Mike -Are you going to give Nancy a call for me or do you want me to call her direct?
Thanks, Mark

From: Hurley, Bill NSK on Wed, Dec 11, 1996 11:52 AM
Subject: RE: Exempt employees
To: Harvill/Price NSK
Cc: Nelson*/Schick* NSK; Williams, Nancy (AAD)

The person to contact is Nancy Williams, Compensation Analyst in town. She can be reached at 265-6407.
Bill

From: Harvill/Price NSK on Tue, Dec 10, 1996 10:27 AM
Subject: FW: Exempt employees
To: Hurley, Bill NSK
Cc: Harvill/Price NSK; Nelson*/Schick* NSK

Bill,

How does ARCO determine if a job is classified exempt or hourly?

The reason I ask is Mark Nelson, the APC Operations Manager for Kuparuk, is reviewing APC job positions for the exempt vs non-exempt classification. He was curious as to how ARCO determined this. They would like to use our input as benchmarking information on this issue.


If a specific person needs to be contacted, let Mark know or me know.

Thanks, Mike

File 265-6428

L. GARCIA - Payroll Supervisor

LOUANN 265-6225

ARCO Alaska, Inc. 

F.1/9
Facsimile Transmission
P.O. Box 100360
Anchorage, Alaska 99510

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**HUMAN RESOURCES
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FAX #263-4401**

DATE

12/12/96

TO Mark Nelson

LOCATION/ROOM

COMPANY

CITY

STATE

FAX# 659-7706

VERIFYS

FROM Nancy Williams

BLOG. RM.

TELEPHONE 265-6407

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APC0162

KNOWLEDGEPOINT

Appendix E

Fair Labor Standards Act: Exempt/Nonexempt Classifications

The federal Fair Labor Standards Act (FLSA) establishes standards concerning the minimum wage rate, overtime pay, equal pay, and child labor. Except for those who are specifically excluded from coverage, the law applies to all employees who are:

- engaged in interstate commerce;
- engaged in the production of goods for interstate commerce;
- employed by an enterprise engaged in interstate commerce or in the production of goods for interstate commerce.

Many states also have laws patterned after the FLSA that cover wage and hour issues. Where state and federal law conflict, the more restrictive law usually prevails.

One of the more complex areas of the FLSA is its classification of certain employees as "exempt" or excluded from coverage by the overtime requirements of the law. An employee is presumed to be "nonexempt" (covered by the law and entitled to receive overtime pay) unless the employer can show that the employee's job duties and pay meet certain criteria.

The following tables summarize criteria for some of the most commonly used overtime exemptions. The exemption criteria can be applied easily and correctly to many jobs. However, there are some cases where determining the proper classification can be complicated.

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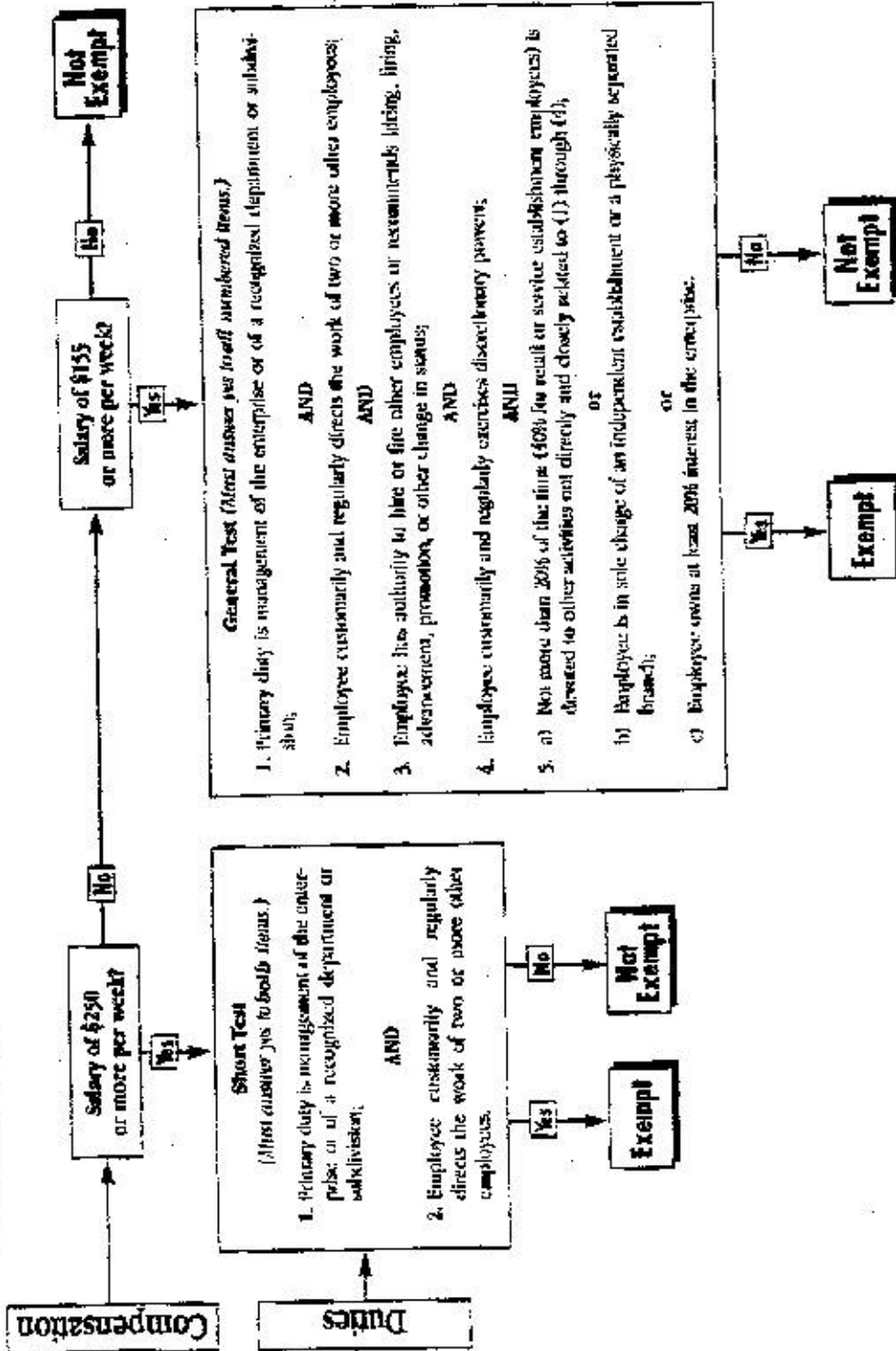
■ APPENDIX E - EXEMPT/NONEXEMPT CLASSIFICATIONS

A number of terms contained in the exemption definitions (for example, "salary," "primary duty," "closely and directly related work") have specific meanings when used in the FLSA. These terms are defined in the law and in decisions issued by the Department of Labor. It is important to correctly interpret and apply these terms when determining whether employees should receive overtime pay.

The tables in this appendix provide information to help *Descriptions Now!* users better understand some overtime provisions of the FLSA. They are not meant to provide legal advice. If you have questions on the correct application of the FLSA exemption criteria in your organization, *Descriptions Now!* recommends consulting an attorney or other individual with expertise in compensation issues.

Executive Employees

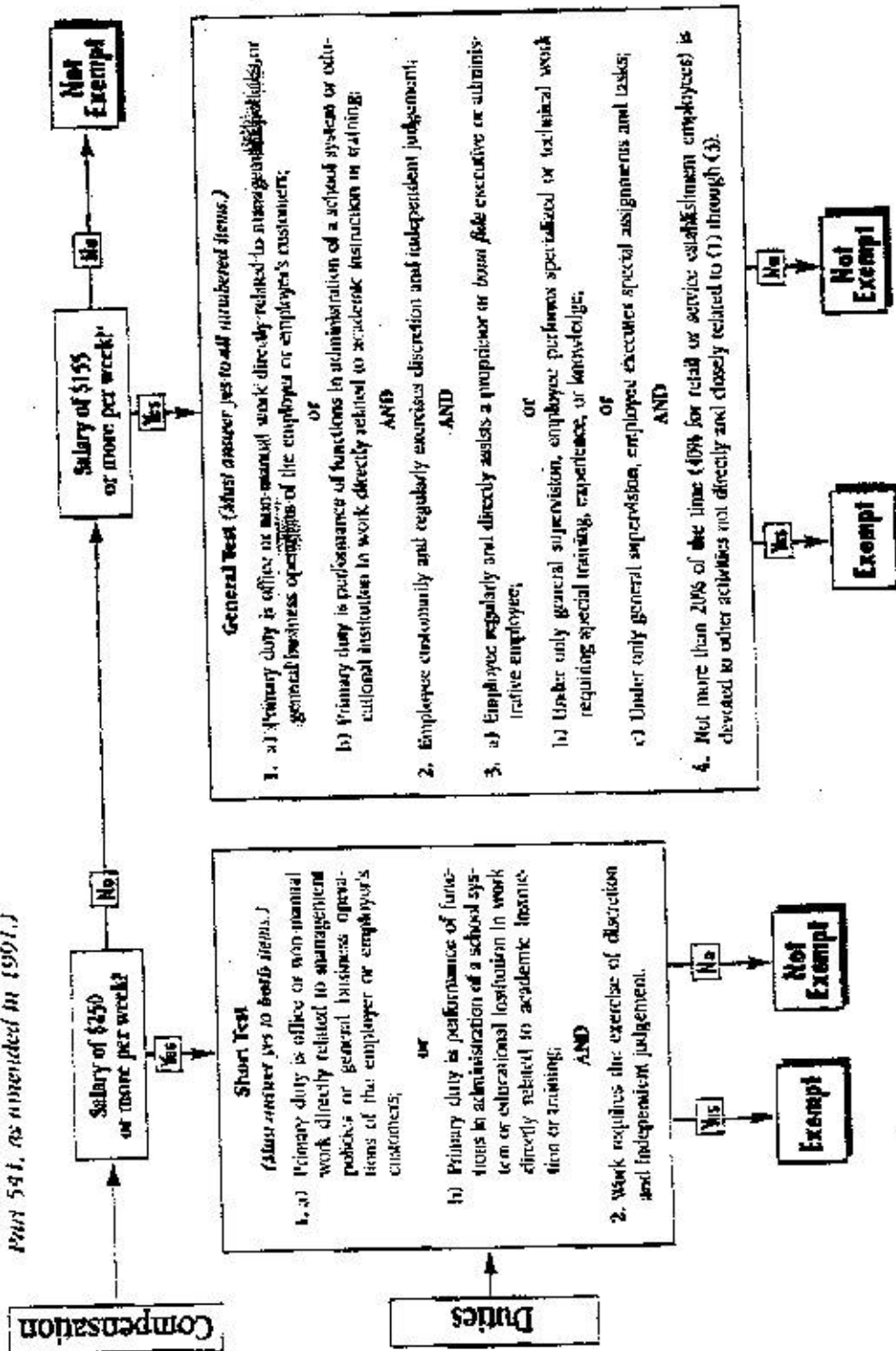
Use this chart to determine if an executive employee meets compensation and duties criteria for exemption from FLSA overtime requirements. (Summarized from 29 Code of Federal Regulations, Part 541, as amended in 1991.)



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Administrative Employees

Use this chart to determine if an administrative employee meets compensation and duties criteria for exemption from FLSA overtime requirements. (Summarized from 29 Code of Federal Regulations, Part 541, as amended in 1991.)



General Test (Must answer yes to all numbered items.)

1. Primary duty is office or non-manual work directly related to management policies or general business operations of the employer or employer's customers;
or
2. Primary duty is performance of functions in administration of a school system or educational institution in work directly related to academic instruction or training;
AND
3. Employee customarily and regularly exercises discretion and independent judgment;
AND
4. Employee regularly and directly assists a proprietor or bona fide executive or administrative employee;
or
5. Under only general supervision, employee performs specialized or technical work requiring special training, experience, or knowledge;
or
6. Under only general supervision, employee executes special assignments and tasks;
AND
7. Not more than 20% of the time (40% for retail or service establishment employees) is devoted to other activities not directly and closely related to (1) through (6).

Short Test
(Must answer yes to both items.)

1. Primary duty is office or non-manual work directly related to management policies or general business operations of the employer or employer's customers;
or
2. Primary duty is performance of functions in administration of a school system or educational institution in work directly related to academic instruction or training;
AND
3. Work requires the exercise of discretion and independent judgment.

DIRECTLY RELATED
TO MANAGEMENT
POLICIES - THIS MEANS
TO AFFECT THESE
POLICIES / CHANGE THEM -
NOT WORK WITHIN THE
POLICIES

SUBSTANTIAL E. CPT
VALUE, 100
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*In the case of academic administrative personnel, employee receives either salary or fee of \$155 or more per week OR a salary at least equal to entry salary of teachers in the same school.